

Message Text

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67

ACTION ARA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 NEA-10 EB-07 SAB-01

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 AGR-05 STR-04 OMB-01

TRSE-00 COME-00 /102 W

----- 037942

R 132107Z JUN 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 4187

INFO AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

AMEMBASSY QUITO

USLO PEKING

USSOUTHCOM

PANCANAL

C O N F I D E N T I A L PANAMA 3510

E.O. 11652: GDS

TAGS: ETRD PN

SUBJECT: BANANAS: GOP/UB NEGOTIATIONS EXPECTED TO BE RESUMED
IN JULY

REF: A. PANAMA 2334 B. PANAMA 0074 NOTAL

1. LOCAL UNITED BRANDS

EP (WALKER) HAS INFORMED US THAT TALKS

BETWEEN GOP AND UB ON A SALES CONTRACT FOR THE COMPANY'S LOCAL
ASSETS WILL BE RESUMED AROUND JULY 15, AS FIRST ANTICIPATED. UB WAS
NOT ABLE TO AGREE TO A SUGGESTED EARLIER RESUMPTION BECAUSE NEW UB
CHAIRMAN BOOTH HAS BEEN

ILL AND THUS PRESIDENT GELSTHORPE IS NOT FREE TO RETURN TO

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PANAMA FOR NEGOTIATIONS BEFORE JULY.

2. WALKER CONFIRMED THAT \$1.00 A BOX EXPORT TAX STILL REMAINS ON THE BOOKS, INDICATING THAT REDUCED RATE OF 35 CENTS A BOX WHICH UB HAS BEEN PAYING SINCE OCTOBER 21, 1974, IS NOTED ON INVOICES AS PARTIAL PAYMENT. HE SAID THAT MANAGER OF BOCAS DEL TORO DIVISION WAS UNEXPECTEDLY SERVED WITH NOTICE TO PAY THE \$8 MILLION CLAIM FOR BACK TAXES ON UB OPERATION SIN PANAMA (REF B), BUT NOTICE WAS WITHDRAWN AS RESULT OF DIRECT INTERVENTION WITH GENERAL TORRIJOS.

3. WALKER HAD HEARD THAT YUGOSLAVS WERE PAYING \$2.45 A BOX FOB FOR 10,000 TONS OF BANANAS THEY CONTRACTED FOR DIRECTLY WITH GOP (REF A). GOP IS BUYING FRUIT FROM UB AT \$2.35 A BOX AND, SINCE IT DOES NOT COLLECT 35 CENTS EXPORT TAX ON THESE SHIPMENTS, IS THUS LOSING MONEY. GOVERNMENT CHARTERING BOTH UB AND GERMAN SHIPS FOR YUGOSLAV SHIPMENTS. PEOPLE'S REPUBLIC OF CHINA, ON OTHER HAND, IS REPORTEDLY PAYING \$3.15 A BOX FOB FOR SAME QUANTITY AND IS CHARTERING SWEDISH SHIPS FOR TRANSPORT.

4. COMMENT: WALKER APPEARS CAUTIOUSLY OPTIMISTIC CONCERNING PROSPECTS FOR FRUITFUL NEGOTIATIONS; DELAY OF TALKS GIVES COMPANY A BIT MORE TIME TO PUT ITS HOUSE IN ORDER. WHILE GOP RETAINS CAPABILITY TO THREATEN INCREASED EXPORT TAX AND/OR PRESS BACK-TAX CLAIM, ITS ACTIONS MAY WELL BE MODERATED BY FEAR OF CONTRIBUTING TO BANKRUPTCY OF UB AND SUBSEQUENT INVALIDATION OF AGREEMENTS REACHED WITH COMPANY THUS FAR.
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